

COMMISSIONERS
MIKE GLEASON - Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K MAYES
GARY PIERCE



ARIZONA CORPORATION COMMISSION

ORIGINAL

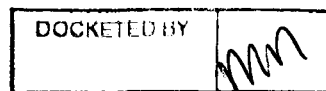
August 15, 2008

Arizona Corporation Commission
DOCKETED

AUG 15 2008

CERTIFIED MAIL

Mr. Ronald McDonald, General Manager
Pineview Water Company
5198 Club Lake Road
Show Low, Arizona 92801



RE: PINEVIEW WATER COMPANY - APPLICATION FOR A RATE INCREASE. DOCKET
NO. W-01676A-08-0366

LETTER OF DEFICIENCY

Dear Mr. McDonald:

In reference to your rate application received on July 18, 2008, this letter is to inform you that your application has not met the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103. Staff has found a number of deficiencies with the rate application which are listed on a separate attachment. The 30-day sufficiency determination period will begin anew when the Company corrects the deficiencies and Docket Control receives original and 15 copies of the corrected pages.

You have 15 calendar days, or until September 1, 2008 to correct the deficiencies, or make other arrangements with Staff to remedy your rate application. Docket Control will retain one copy of the original application for Commission records. You may file an original and 15 copies of an updated application at a later date.

The Staff person assigned to your application is Jeffrey M. Michlik. He can be reached at (602) 364-2034, or toll free at (800) 222-7000, if you have any questions or concerns.

Sincerely,

Elijah Abinah
Assistant Director/Acting Chief Accountant
Regulatory Analysis Section
Utilities Division

EOA:JMM:tdp

CC: Docket Control Center (fifteen copies)
Vicki Wallace, Consumer Services
Delbert Smith, Engineering
Lyn Farmer, Hearing Division

AZ CORP COMMISSION
DOCKET CONTROL

2008 AUG 15 A 11:43

RECEIVED

**PINEVIEW WATER COMPANY
RATE APPLICATION
DOCKET NO. W-01676A-08-0366
TEST YEAR ENDED MARCH 31, 2008
LIST OF DEFICIENCIES**

The specific items that have caused a finding of deficiency are as follows:

1. On Schedule A-1, the original cost rate base of \$1,073,859 does not match the original cost rate base ("OCRB") of \$1,136,319 as presented on Schedule B-1. Please reconcile.
2. On Schedule A-1, the adjusted operating income of \$6,989 does not match the adjusted amount of \$72,045 as presented on Schedule C-1. Please reconcile.
3. On Schedule A-1, it is unlikely that the increase in the gross revenue requirement is \$1,000. Please correct.
4. On Schedule A-1, the increase in the gross revenue requirement amount does not match the increase amount column of \$47,164. Please correct.
5. On Schedule A-2, projected year column, the present rates and proposed rates are the same. Please correct.
6. On Schedule B-1, in footnote 2, the Company requests a waiver on the Development of RCND rate base. If that is the case the OCRB should equal the RCND. Please correct.
7. On Schedule F-1, the present rates and proposed rates are the same. Please correct.
8. On Schedule H-3, the present rate and proposed rates are the same. Please correct. Also fill in amounts for the proposed refundable meter installation charges.
9. On Schedule H-4, the present rate and proposed rates are the same. Please correct.
10. Schedule H-4 page 1 of 6, should be Schedule H-5 page 1 of 6. Please correct.
11. On Schedule H-5 your H-4 page 1 of 6, please list separately all usages over 100,000 for all meter sizes. The prior rate case was filed based on a one tier rate. However, in Decision No. 67989, a three tier rate was established, thus necessitating all bills over 100,000 to be shown separately.
12. The current bill counts on Schedule H-4 all meter sizes, do not produce the revenue amounts as indicated on Schedule H-1 for each meter size, and in total. For example, the H-5 for the 3" meter customer your H-4 6 of 6, the monthly minimum not taking into account the effect of the three tiers should produce revenue of \$14,820 (i.e. 52 bills x \$285 monthly minimum charge). However, on Schedule H-1, the 3" meter only produces revenue of \$4,519. Please reconcile, and provide Staff with a copy of your mathematical computations.
13. Please provide a bill count and usage sheet H-5 for construction water customers.

**PINEVIEW WATER COMPANY
RATE APPLICATION
DOCKET NO. W-01676A-08-0366
TEST YEAR ENDED MARCH 31, 2008
LIST OF DEFICIENCIES**

14. Please provide a copy of the Monitoring Assistance Program invoice for 2008 from the Arizona Department of Environmental Quality ("ADEQ").
15. Please provide a copy of the ADEQ water quality compliance status report.
16. The data supplied on the application indicates there was water loss of 19 percent during the test year. It exceeds Staff's acceptable range, please re-verify the water use data, and submit a water loss program to Staff for review.